"If a man knows not what harbor he seeks, no light will be enough to guide him."
TABLE OF CONTENTS

Letter from Store Manager - Paul Fratangelo ..................
Letter from Ad-Hoc Committee .................................

CHAPTER 1 - IDENTITY

History ................................................................. 2
Current Situation .................................................... 3
Need For Change ..................................................... 4
Future ................................................................. 5
Scanlon Plan Historical Overview ................................. 6
Education and Communication Overview ......................... 7
Add Value to Your Life (Sears U) ................................. 8

CHAPTER 2 - PARTICIPATION

Participation Overview ............................................... 9
Communication Through Meetings ................................. 10
Idea Process Overview ............................................. 11
Formation and Duties of the Idea Committee ..................... 12
The Idea Process .................................................... 13

CHAPTER 3 - EQUITY

Equity Overview .................................................... 14-15
Equity Formula ...................................................... 16-17
Equity Component 1 ................................................ 18
Equity Component 2 ................................................ 19
Equity Component 3 ................................................ 20
Equity Component 4 ................................................ 21
Equity Component 5 ................................................ 22
Payment Distribution/Reserve Fund ............................... 23-25
Keeping Score - “What Day Is It?” ............................... 26

CHAPTER 4 - PLAN RENEWAL

Changes to the Plan .................................................. 27

CHAPTER 5 - GLOSSARY

Glossary of Terms .................................................. 28-31
Sample Ballot ......................................................... 32
Dear Team Members,

Together we’re about to embark on a partnership, unique to the retail industry. This partnership presents us with both challenges and opportunities. This partnership involves a process that requires commitment and participation of all our associates.

In the past, decisions flowed from a “Command and Control” management structure. Communication was from the top down, which tended to stifle creativity and involvement from our associates. Our performance in the past has lacked consistency. In 1993 we completed our store remodel and achieved our profit plan that year. We achieved our profit plan again in 1994. Our customer service levels during this period were satisfactory, and associate morale, overall, was good.

1995, however, saw sales continue strong in spite of a tough retail environment; profit was barely improved over 1994, as our gross margin negatively affected the bottom line. Customer satisfaction, as measured by the 60-Second Survey, was a score of 76. Though higher than the district average, improvement is necessary if we are to retain and increase our customer base. Associate morale remains high, as evidenced by the “My Opinion Counts” survey completed in April 1996. It has become apparent that profit growth will not reach acceptable levels unless changes are implemented.

A Scanlon Plan, of associate participative management, involvement, and gainsharing seems a perfect fit for our unit. Store management is committed to, and embraces, participative management, and our associates are able, willing, and ready to participate in the decision making process. This will further strengthen associate teamwork, which is already present, and provide job security for all Sears Lakewood Associates.

An Ad-Hoc Committee has formed to initiate a Scanlon Plan by which we can further strengthen the company’s vision of the three C’s -- a compelling place to shop, work, and invest. We must first become a compelling place to work, before we become a compelling place to shop, and ultimately a compelling place to invest.

We actively solicit the involvement and participation of all our associates and seek to utilize all the untapped talents and abilities that they possess.

I urge you to carefully consider the attached plan, and by your affirmative vote, help create the team that will make Sears Lakewood prosper in the future.

Sincerely,

Paul Fratangelo
August 15, 1996

Dear Sears Associates:

In today's fast-paced and ever-changing world each of us work hard, not only for those extra luxuries that we enjoy, but the day-to-day needs of our family. The time spent with our extended family at Sears assists us in this endeavor to seek the best for ourselves. The Ad Hoc committee has a sincere belief that this participative management is an excellent opportunity for all associates to grow and exceed the expectations that we have set for ourselves. The participative management will set the standard for other Retail Stores to follow as we strive together to make Sears Lakewood the most compelling place to work, shop, and invest in our retail marketplace.

The participative management affords each associate, through knowledge and communication, the opportunity for personal growth. As we strengthen as individuals we enhance our skills and abilities; therefore, Sears Lakewood grows through increased earnings and profits. Through a strong associate force and increased company earnings, we will find that we have created a compelling place to work, shop, and invest that we can be proud of.

Your elected Ad Hoc committee was challenged to study and revise other existing and successful plans and to clearly define a plan unique to the needs of Sears Lakewood. We are pleased and proud to present you with this handbook that describes in detail our participative management. In it you will find answers as to how our new participation system will work. Also, how the Equity formula will provide a fair and balanced return for all. It is important that you are knowledgeable of our history, present conditions, and the future outlook, for both the company as well as our local store. If participative management is affirmatively approved by 90% majority, it will be in place for a 15 month trial period, beginning September 29, 1996 to December 27, 1997. Each member of the Ad Hoc Committee has worked diligently on the Gainsharing Proposal and we hope you find it clear, concise, and informative. Please read the entire proposal carefully so that you can cast a knowledgeable vote. The Ad Hoc Committee strongly supports this proposal.

Sincerely,

The Ad Hoc Committee

Lawrence Carlson
Scott Gant
Jeff Gipe
Richard L. Herring
Pat Herring
Tom James
Jim Carlson
Linda Spengel
Molly W. Palosolo
Paul Dreiling
Diana Fish
Barbara Ross
Bill Davis
Debbie Schaefer
Karen Chumney
Barbara Shaefer
Bob Shaw
Barb Johnson
Bill Shaw
Bob Johnson
CHAPTER 1

IDENTITY

"The principles of IDENTITY, consistently keep the powerful beam in tune..."
OUR HISTORY

Sears has a long standing history in the Jamestown/Lakewood, New York area. The first Sears to arrive in the area, then known as Sears Roebuck and Company, opened its doors on March 16, 1929 at the old Gage Furniture Building in Jamestown, New York under the management of Thomas W. Jones. On August 23, 1949 the store relocated to the corner of West Second and Cherry Streets in Jamestown under the management of Arthur R. Smith. Mr. Smith, a receiving clerk when the store first opened in 1929, brought the local store into a new era. The upgraded facility added 23 new departments and enlarged 22 others to form a business handling merchandise in five general classifications—hard lines, home furnishings, wearing apparel, automotive supplies and appliances.

Over a 41 year period, Sears Roebuck and Company remained a strong business influence and mainstay in the Jamestown and surrounding area. On October 12, 1970 Sears enjoyed another grand opening when it made a second move to its present location at the Chautauqua Mall in Lakewood, New York.

On October 12, 1995 Sears celebrated its 25th anniversary at its Chautauqua Mall location. Sears is proud to be a part of the Chautauqua Mall and to serve a vibrant community. All of our associates are proud of Sears long-time commitment to their hometown.

Today after 67 years of service to the Jamestown/Lakewood area, Sears #2584, continues to uphold that same attitude...a proud associate force, committed to service excellence.
CURRENT SITUATION

Lakewood Sears current situation can best be understood by first knowing more about our associates, our customers, and our investors.

OUR ASSOCIATES

Currently Lakewood Sears has 120 sales associates, support and checklist staff. From our associate with the most tenure of 34 years to the newest associate of less than one month, each play a vital and significant role in the success of Lakewood Sears. Each associate and staff member must know and understand their identity in the chain that will ultimately bind us to succeed in the 21st century.

A family album has been developed that will enable each associate to know more about each and every employee in the Lakewood Sears family. Of the 120 associates currently employed, the age range is 17 to 75 years. Our associates have earned over $139,000 in health and illness benefits and over $1,500,000 in wages during the year 1995. Over $43,000 was saved through use of associate discounts benefit. Over $73,000 in vacation pay and $40,000 in holiday benefits were earned by associates during 1995.

OUR CUSTOMERS

Our customer market demographics comprise an area of 60 square miles encompassing southwestern New York and northwestern Pennsylvania. Our top zip code 14701, Jamestown, New York, accounts for $4,600,000 in sales for the year 1995. Combined with the next nine largest zip codes a total of $9,600,000, or 62.4% of our volume, was realized in 1995.

During the summer season our customer base increases with the influx of tourists to the area surrounding Chautauqua Lake.

OUR INVESTOR

Our investor is Sears Roebuck and Company, ("the Company"). During the year 1995, the Company had merchandise sales and services of $31 billion and net income of $1 billion. By building on our legacy and dynamically evolving to meet and exceed our customers expectations, the Company is striving to make Sears a COMPELLING PLACE TO SHOP, WORK, AND INVEST.
THE NEED FOR CHANGE

Locally there have been many changes over the past 4-5 years. What once was a dying retail market with major and small retailers exiting the mall... Sears as the only major mall retailer... Millions of dollars of disposable income leaving the area. Now with vastly improved major thoroughfares and Wal-Mart, Sams Club, K-Mart, and Wegmans entry to the market attracting and keeping customers local. JC Penney and the Bon-Ton will become additional major retail outlets to the mall and a $13 million mall remodeling project will be adding a revitalization to the area.

Opportunity exists. We cannot continue as we have in the past few years. During 1994 we experienced merchandise sales of $14,750,000, an increase of $1,300,000, +9.65% over 1993. 1995 sales were $15,400,000, an increase of $650,000, +4.58% over 1994 sales. In 1996 sales through August are up $360,000.

Profit during this period was an increase of $367,000 in 1994, and $18,000 in 1995. Through August 1996 our profit has increased by $70,000, or 5% over 1995. During 1995 and through August 1996 we have not experienced profit levels similar to our performance in 1994. We must return to our 1994 profit levels to be successful and insure the future security of our unit.

We need a program that totally involves our associates, and encourages and solicits their ideas for improving our profitability. We must change if we are to survive.
THE FUTURE

When we think about our future, we think not just about change, but about opportunity as well. Faced with ever increasing, aggressive competition in the retail marketplace, we must develop a plan for the future; a plan that encompasses financial gain and job security for our associates, corporate profitability, and customer loyalty. This is essential if we are to succeed into the new millennium. If we wish to remain competitive in the retail market, we will never be able to raise hourly salaries significantly over the next few years. If we do well and exceed our profit contribution plan, all associates should share in a percentage of every dollar based on an equity formula. As you recall, over the past two holiday seasons, Sears conducted "WOW" contests that when the store exceeded its revenue goals, each associate shared in an additional earnings award.

The concept is simple. By engaging our associates to become involved in the operation of our stores, to act as "owners", become business literate, and find ways to improve profits, they will get a share of the financial success. This process invites participation, responsibility, accountability, education, communication, and recognition. This sharing plan is the future of Sears.
INFORMATION ON THE HISTORY OF THE SCANLON PLAN

Scanlon Plan was developed from the innovative work of Joseph Scanlon during the 1940's and 1950's. Joe's experience as a steel worker and union leader during the depression prompted him to conclude that the companies health, and survival, required the climate of cooperation rather than competition between labor and management. His ideas improved productivity and saved many organizations and jobs. The early "Scanlon Plans" included a monthly cash bonus to all employees when labor costs were reduced below historical based periods. So, Scanlon not only pioneered employee involve-ment, but was one of the early developers of gainsharing. It is a tribute to Scanlon genius that interest in participative management and productivity "GAINSHARING" have reached international proportions.

"The Japanese took Joe Scanlon's ideas concerning worker involve-
ment... Now people are adopting Japanese management techniques
without knowing that many of them were Scanlon's ideas."

Warren Bennis,
Author, Professor
Boston Sunday Globe

"I see the Scanlon principals as allowing us to unleash the
tremendous energy within the company through participation ...
To direct the beam toward the desired target through principals of
identity, to constantly keep the powerful beam in tune through
equity, and to continually strengthen the beam through competence."

Dwane Baumgardner
Chairman of the Board
and CEO
Donnelly Corp.

"Throughout the four processes, there is a singleness of purpose
for every employee. The purpose is to enable all employees to
become literate about their companies' realities, to become
responsible in owning problems and solutions, to become accountable
for actions and to become committed to personal, professional, and
organizational confidence."

Carl F. Frost PHD
Partner in Greenwood Assoc. And
Professor Emeritus,
Michigan State University

"The Scanlon Plan is one of the best kept secrets in American
business. Every company using it properly has had dramatic
measurable improvement in productivity and profitability. We
highly recommend it."

Chris Hegarty
Author Consultant
Institute of Exceptional
Performance
EDUCATION AND COMMUNICATION OVERVIEW

Continuing education and ongoing communication will enhance each Lakewood Sears Associate’s ability to achieve their full potential, and enhance their business literacy. EDUCATION will build competency and skills that will reflect in our performance as we improve in what we do. Follow up training will reinforce the competencies that our associates have developed.

“Doing the job right, and doing the right job.”

COMMUNICATION keeps associates INFORMED, EXCITED, and INVOLVED.

The new store conference room was especially designed to house our new reference library with topics on customer service, business literacy, personal growth, motivation, and various Sears business topics. By creating informational posters with motivational and educational themes, we will be able to develop associate customer service skills through our LAKewood LIGHT educational program.

The LAKewood LIGHT is a series of half hour sessions focused on improving our customer service skills. Primarily, the program examines the Customer Service Shopping Report, and seeks to improve upon sections of the report where deficiencies have been noted. There are also sessions devoted to the 3 learning maps encompassing the retail marketplace, a compelling place to shop and a compelling place to invest. A future learning map, incorporated with this program, focuses on a compelling place to work. The essence of our program is our desire to meet and/or exceed our customers expectations. We will accomplish this through common courtesy and the commitment not to compromise our customer’s expectations. We will, by our actions reach our goal to always satisfy the customer, not just make a sale.
ADD VALUE TO YOUR LIFE

To underscore SEARS's commitment to make it a "Compelling place to work", we have a new self-development tool for you...

THE SEARS UNIVERSITY CORRESPONDENCE PROGRAM.

This new initiative is a logical extension of the Sears University program introduced in 1995. This program offers a variety of personal and professional development courses free of charge to all Sears associates.

By taking the courses and developing the required skills, you will enhance your own self-development and growth opportunities. Some of the programs will be offered as a group training course; so more associates will have the opportunity to attend.

HERE'S HOW THE PROGRAM WORKS

The Sears University Correspondence program is designed as a progressive program. Associates follow a clear path to build the skill sets they desire and/or need.

There are six modules in the curriculum.

1. CUSTOMER SERVICE AND SALES
2. COMMUNICATION
3. PERSONAL DEVELOPMENT
4. BUSINESS LITERACY
5. HUMAN RESOURCES
6. SUPERVISION

Applications for enrollment for these courses are available in our break room, or from the store trainer located in the hub.
CHAPTER 2

PARTICIPATION

"Teamwork is the fuel that allows common people to obtain uncommon results."
PARTICIPATION

RESPONSIBILITY

INVolVEMENT

Participation Overview
To create and maintain a positive and open exchange of ideas and thoughts of all participants

Objectives
To be sure that all associates are encouraged to participate fully through ideas and solutions.

To be responsible for myself and take ownership of my actions and decisions.

To do all in our power to become a total team, relying on each other for support and guidance.
COMMUNICATION THROUGH MEETINGS

WAYS OF PARTICIPATION/COMMUNICATION:

Meetings;

- Informal Store wide meetings are to be held on Mondays and Fridays in the breakroom, one half hour before the store opens. They will be conducted by the Checklist Management staff. The main purpose of these will be to inform the associates of upcoming events in the store, special sales, advertising, and to keep all of us up to date on the store’s progress.

- Store wide TOWN HALL meetings will be scheduled twice a year. One in the spring on the last Tuesday in April and one in the fall on the last Thursday of September.

- Departmental ready meetings will be held daily or as deemed necessary by the individual departments. They will be conducted by the Sales Manager or their designated person. The purpose of these meetings is to inform the associates of the activities in the department and to solicit any ideas that may help in the operation and efficiency of the department.

A new form of daily morning announcement will be made informing all associates of the previous day’s performance and today’s goal. Also Birthdays, Anniversaries and special happenings will be announced at this time.

A sample of the morning announcement is listed below:

"Good morning associates, today is the of . Yesterday we had a % (inc. Or dec.) over last year. Today's sales goal is . We are up/down % for the month. Happy birthday to and happy anniversary to . Everyone have a good day!!!"
IDEA PROCESS OVERVIEW

Ideas should be beneficial to specific department or the entire store.

Ideas and solutions may be presented either in person or in writing to the Idea Committee. Written ideas will be handled in a timely manner by the committee with a response given to the suggestor. He/she will be notified as to the status, acceptance or rejection of the idea. All ideas should include how it is to be implemented, and the desired outcome of the recommendation. Ideas for a specific department will be referred to that department for consideration and action. The Idea Committee will provide to the Checklist Staff a summary of the ideas reviewed, their status, and the action taken upon each.

All Sears Associates should accept the responsibility for meeting the needs of our customers and our fellow employees.

Accepting responsibility means that we will be focused in applying our resources to the right problems and opportunities.
FORMATION AND DUTIES OF THE IDEA COMMITTEE

1. The Idea Committee will be formed on a voluntary basis.

2. Members will be voted on by their respective areas. The top three(3) vote getters will sit on the committee.

3. The committee will be made up of three(3) representatives from apparel, three(3) from home, one(1) from sales support areas and two(2) checklist staff members.

4. The committee will be re-organized at the beginning of each calendar year after the initial trial period.

5. Maintain a neat and orderly area where idea forms are available.

6. Committee shall meet bi-monthly or as needed.

7. All ideas will be acknowledged within 72 hours.

8. Once evaluated, ideas will be forwarded for approval and implementation or returned to the suggestor for revision.
IDEA PROCESS

All Sears Associates should accept the responsibility for meeting the needs of our customers and our fellow associates. Accepting responsibility means that we will be focused in applying our resources to the right problems and opportunities. Ideas should benefit the store by increasing profits to make our jobs easier and more efficient.

WRITTEN IDEAS

1. Written idea forms (exhibit 1) are available in the break room, conference room or from any committee member.
2. Forms are to be completely filled out by associate, dated and given to a committee member or put in the drop box (located in the conference room) All ideas are to be specific as to how they are to be implemented and the desired outcome.
3. The committee shall acknowledge all ideas within 72 hours.
4. The suggestor will be advised of the meeting and will be asked to be present if possible. Committee discussion will follow to decide if the idea shall be handled with the specific department or be further reviewed for appropriate action.
5. The Idea Committee will look into the cost of implementation.
6. Suggestor will be provided with a response as to the status and action taken on their idea.
7. Ideas will be sent to Checklist Staff for final approval. Upon approval they are turned over to the proper area for implementation.
8. Evaluation process for tracking ideas to be setup by Idea Committee.
YOUR IDEA COUNTS

To Be Completed By Associate                       Date:__________
Dept:__________                                    Associate:__________

Describe Your Idea: (what it is, why it should be done, and how it should be done)
________________________________________________________________________________________
________________________________________________________________________________________
________________________________________________________________________________________
________________________________________________________________________________________
________________________________________________________________________________________
________________________________________________________________________________________

To Be Completed During Dept. Team Meeting:
Date:_____________
Implemented Suggestion: Yes or No (determined by consensus)
Reason:________________________________________________________
________________________________________________________________________________________

Will this Require another persons’ or depts’ assistance: Yes or No
If Yes Who? __________________________________________________
Approximate cost to implement: ________Can start by (date)_____

Savings after implementation:_______Can finish by (date)_____

Do you wish to present this idea in person to the appropriate committee: Yes or No

Acknowledgement by committee:________________________________________

(EXHIBIT 1)
FLOW CHART

IDEA

IDEA FORM

PROPOSAL

CONSENSUS TO PROCEED

NO

IDEA COMMITTEE

- Implements
- Send on for Approval

CONSENSUS TO PROCEED

YES

CHECKLIST STAFF

NO

IMPLEMENT

Feedback
**Point Of Purchase Survey**

The purpose is to solicit ideas from customers instantly as to their shopping experience on this occasion. Action will be taken on negative responses as quickly as possible. Positive responses will be reinforced immediately.

**PROCESS**

1. Forms are to be placed at each cash wrap.
2. Customers are randomly selected.
3. Associates ask customers “What could we do to make your shopping experience more enjoyable?”
4. After customer exits department, associate briefly records customers response.
5. Survey is placed in red bag.
6. Surveys are collected and deposited in the POPS box located in the hub.
7. Forms are viewed by Checklist Staff and distributed to appropriate committee. (Idea, Checklist, or Education)

Sample of P.O.P.S survey is below

What could we do to make your shopping experience more enjoyable?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
CHAPTER 3

EQUITY

"Success doesn't come to you... You go to it."
EQUITY OVERVIEW

The purpose of the Equity Committee is to develop a plan to provide a fair and balanced return to our associates, customers, and investors (the “Company”). By balancing the needs of all 3 constituencies we will make Sears:

A COMPELLING PLACE TO WORK, SHOP, AND INVEST.

Our associates require an environment where they can attain their personal goals, and through participation become involved, and have a say in the operation of our unit. In effect, act as an owner of their own business. As a team, through their collective efforts, they improve the profit of the unit. Our associates should be rewarded for achievement of our goals and profit improvement. We will then become a COMPELLING PLACE TO WORK.

To the extent that we satisfy their needs, customer retention will increase, and they will reward us will incremental sales increases. Our customers have many choices in today’s competitive retail environment. By faultless execution of our customer service program we can evaluate and measure our performance with our customers. We will truly, become a COMPELLING PLACE TO SHOP.

Lastly, our investors (Sears) require revenue and income growth, improvements in profit margins, and assessment management. The company provides us with the tools, equipment, and the resources that we require to operate our unit. They should expect a good return on their investment in the form of improved profit levels. Thus, we become a COMPELLING PLACE TO INVEST.
THE 3 "CS" OF ACCOUNTABILITY

Our plan must, also, provide for the "3 CS" of accountability:

1. COMMITMENTS
   - A passion for the customer
   Every associate must listen to the needs of the customer, satisfy those needs, and keep our promises to the customer. We must strive to never disappoint a customer.

   - Our people add value
   We must treat our associates fairly in an environment of mutual dignity and respect. We will openly share company and unit performance with our associates and encourage them to question and raise issues both individually and as team members.

   - Performance leadership
   We will act as owners of our business to deliver income and profit growth. We will encourage risk-taking, and willingly accept the potential consequences. We will create open communication to remove obstacles, and share financial success as a team.

2. COUNTING
   - We expect to count or measure our performance by "keeping score" and posting "what day is it?" charts in our associate break room.

The following five areas of our unit’s performance will be measured by our plan:

1. CUSTOMER 60 SECOND SURVEY
2. PROFIT AFTER ALLOCATED CREDIT INCOME
3. NET MERCHANDISE SALES
4. CREDIT MARKET SHARE &
5. GROSS MARGIN ON OTHER REVENUES

The goals for each of these areas are obtainable, but never less than last year’s actual performance. The awards will only be given for improvement over the baseline (last year results).

3. CONSEQUENCES
There will be consequences for our unit performance. Equally important in being accountable is the acceptance of the consequences of our performance, whether they are good or poor. The equity bonus result will be the consequence of our collective performance. This plan, and specifically the equity format, makes a very determined effort to establish fair and balanced consequences for exceeding, meeting, or falling short of the commitments made to the customer and the company.
EQUITY FORMULA RATIONALE

The Equity Committee was challenged to develop a plan that balanced the requirements of our associates, our customers, and "the Company."

The committee first determined the profit level necessary as the basis of our gainsharing proposal. Through the committee process, it was determined that 115% of the 1995 Profit After Allocated Credit Income was the desired result. This was calculated as $420,000 higher than the actual 1995 Profit After Allocated Credit Income (Hereafter referred to as Profit). Then, by consensus it was determined that the company/associate split would be 75%/25%, or $105,000 as the potential associate payout pool, against which selected components would be calculated. Five components were selected as being representative of a compelling place to work, shop, and invest. They are Profit, Net Merchandise Sales, Gross Margin on other Revenues, Credit Market Share, and the Customer 60-Second Survey. The committee then determined the weighted value to be accorded each component, and the corresponding monetary equivalent. Relative to the potential payout pool, this was calculated as follows:
$105,000 POTENTIAL PAYOUT POOL

CUSTOMER 60-SECOND SURVEY - 30% - $31,500

PROFIT AFTER ALLOCATED CREDIT INCOME - 25% - $26,250

NET MERCHANDISE SALES - 20% - $21,000

CREDIT MARKET SHARE % - 15% - $15,750

GROSS MARGIN ON OTHER REVENUES - 10% - $10,500

All components were based on 1995 year end results. All payouts would be paid quarterly based on the company quarterly calendar. Quarterly results and payouts would be independent of any other quarter. All Quarterly Payouts would be based on the prior year actual quarterly results. The committee also decided to establish a reserve fund to protect the company during periods when results fall short of expectations. This would be 25% of any positive payout and 100% of any negative payout in any quarter. A running balance will be maintained of the reserve fund during the plan period. At the end of the plan period, any positive balance remaining in the reserve fund will be allocated to eligible associates, based on their Pro-Rated share of hours worked during the year. The plan period for this proposal would commence with the 4th quarter of 1996 and end with the 4th quarter of 1997 (15 months). It was also decide that a minimum profit of 100% of the prior year actual quarterly profit was necessary before any quarterly payout would be distributed. In that case the quarterly payout calculated would be forfeited.
EQUITY COMPONENT 1

CUSTOMER 60 SECOND SURVEY — 30% OF PAYOUT

The 60 Second Survey is a compilation of the customer survey results gathered by Store Support and reported to the unit each month. The report is found in RMDS as XMR- 60 SEC SURVEY RESULTS. Scores are reported on a quarterly basis.

BASELINE

The 1995 year end score of 76 is established as the baseline for this component. A quarterly score of 76 will yield a payout of zero.

GOAL

The goal for this component is established as a quarterly score of 81, which will yield a payout $7,875. Quarterly scores between the baseline and the goal will result in a payout according to the chart below. Each additional 1 point improvement beyond the goal will yield an additional $1,575 to the payout pool. Each 1 point below the baseline yields a negative payout of $1,575, capped at 73.

<table>
<thead>
<tr>
<th>Survey Scores</th>
<th>Quarterly Payout</th>
</tr>
</thead>
<tbody>
<tr>
<td>82</td>
<td>$9,450</td>
</tr>
<tr>
<td>81</td>
<td>$7,875</td>
</tr>
<tr>
<td>80</td>
<td>$6,300</td>
</tr>
<tr>
<td>79</td>
<td>$4,725</td>
</tr>
<tr>
<td>78</td>
<td>$3,150</td>
</tr>
<tr>
<td>77</td>
<td>$1,575</td>
</tr>
<tr>
<td>76</td>
<td>$0</td>
</tr>
<tr>
<td>75</td>
<td>($1,575)</td>
</tr>
<tr>
<td>74</td>
<td>($3,150)</td>
</tr>
<tr>
<td>73</td>
<td>($4,725)</td>
</tr>
</tbody>
</table>
EQUITY COMPONENT 2

PROFIT INC. W/ ALLOCATED CREDIT INC. -- 25% OF PAYOUT

Profit is measured by the Quarterly Std. 30 Profit & Loss Statement compared to the same prior year quarter.

BASELINE

The Baseline for this component is determined as 100% of the prior year actual quarterly profit. Performance at this level would result in a payout of zero.

GOAL

The goal for this component is established at 115% of the prior year quarterly profit. Performance at this level would result in a payout of $6,563. Each 1% between the baseline and the goal earns the payout as indicated in the chart below. Performance above the goal earns the same incremental payout for each additional percent. Each 1% of the profit performance below the goal results in a negative payout of $438 capped at 95% of the prior year.

<table>
<thead>
<tr>
<th>% of L.Y. Profit</th>
<th>25% of Payout</th>
<th>Quarterly Payout</th>
</tr>
</thead>
<tbody>
<tr>
<td>117%</td>
<td>$7,438</td>
<td></td>
</tr>
<tr>
<td>116%</td>
<td>$7,000</td>
<td></td>
</tr>
<tr>
<td>115%</td>
<td>$6,563</td>
<td></td>
</tr>
<tr>
<td>114%</td>
<td>$6,125</td>
<td></td>
</tr>
<tr>
<td>113%</td>
<td>$5,688</td>
<td></td>
</tr>
<tr>
<td>112%</td>
<td>$5,250</td>
<td></td>
</tr>
<tr>
<td>111%</td>
<td>$4,813</td>
<td></td>
</tr>
<tr>
<td>110%</td>
<td>$4,375</td>
<td></td>
</tr>
<tr>
<td>109%</td>
<td>$3,938</td>
<td></td>
</tr>
<tr>
<td>108%</td>
<td>$3,500</td>
<td></td>
</tr>
<tr>
<td>107%</td>
<td>$3,063</td>
<td></td>
</tr>
<tr>
<td>106%</td>
<td>$2,625</td>
<td></td>
</tr>
<tr>
<td>105%</td>
<td>$2,188</td>
<td></td>
</tr>
<tr>
<td>104%</td>
<td>$1,750</td>
<td></td>
</tr>
<tr>
<td>103%</td>
<td>$1,313</td>
<td></td>
</tr>
<tr>
<td>102%</td>
<td>$875</td>
<td></td>
</tr>
<tr>
<td>101%</td>
<td>$438</td>
<td></td>
</tr>
<tr>
<td>100%</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>99%</td>
<td>($438)</td>
<td></td>
</tr>
<tr>
<td>98%</td>
<td>($875)</td>
<td></td>
</tr>
<tr>
<td>97%</td>
<td>($1,313)</td>
<td></td>
</tr>
<tr>
<td>96%</td>
<td>($1,750)</td>
<td></td>
</tr>
<tr>
<td>95%</td>
<td>($2,188)</td>
<td></td>
</tr>
</tbody>
</table>
EQUITY COMPONENT 4

CREDIT MARKET SHARE -- 15% OF PAYOUT

This component is defined as the % of Sears Charge Card sales as listed on the Quarterly Std. 30 Profit & Loss Statement, for each quarterly performance measured.

BASELINE

The Baseline for this component is established at 56%, which is the 1995 year end result. Performance at this level will yield a payout of zero.

GOAL

The Credit Market Share goal is established at 61%, which will yield a payout of $3938. Each .5% of the Credit Market Share achieved above the baseline results in a payout according to the chart below. Each .5% below the baseline yields a negative payout of $394, capped at 53.5%

<table>
<thead>
<tr>
<th>Credit Share</th>
<th>20% of Payout</th>
<th>Quarterly Payout</th>
</tr>
</thead>
<tbody>
<tr>
<td>62.0%</td>
<td></td>
<td>$4,726</td>
</tr>
<tr>
<td>61.5%</td>
<td></td>
<td>$4,332</td>
</tr>
<tr>
<td>61.0%</td>
<td></td>
<td>$3,938</td>
</tr>
<tr>
<td>60.5%</td>
<td></td>
<td>$3,544</td>
</tr>
<tr>
<td>60.0%</td>
<td></td>
<td>$3,150</td>
</tr>
<tr>
<td>59.5%</td>
<td></td>
<td>$2,757</td>
</tr>
<tr>
<td>59.0%</td>
<td></td>
<td>$2,363</td>
</tr>
<tr>
<td>58.5%</td>
<td></td>
<td>$1,969</td>
</tr>
<tr>
<td>58.0%</td>
<td></td>
<td>$1,575</td>
</tr>
<tr>
<td>57.5%</td>
<td></td>
<td>$1,181</td>
</tr>
<tr>
<td>57.0%</td>
<td></td>
<td>$788</td>
</tr>
<tr>
<td>56.5%</td>
<td></td>
<td>$394</td>
</tr>
<tr>
<td>56.0%</td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>55.5%</td>
<td></td>
<td>($394)</td>
</tr>
<tr>
<td>55.0%</td>
<td></td>
<td>($788)</td>
</tr>
<tr>
<td>54.5%</td>
<td></td>
<td>($1,181)</td>
</tr>
<tr>
<td>54.0%</td>
<td></td>
<td>($1,575)</td>
</tr>
<tr>
<td>53.5%</td>
<td></td>
<td>($1,969)</td>
</tr>
</tbody>
</table>
EQUITY COMPONENT 5

GROSS MARGIN ON OTHER REVENUES -- 10% OF PAYOUT

Miscellaneous Income is defined as the total of the accounts 183 SFI Income 187 Installation, 190 Automotive, 192 MA Sales, 192 Other Service Income, 195 Licensed Business, 116 Delivery Income, and 189 Miscellaneous Income, as reported on the Quarterly Std. 30 Profit & Loss Statement.

BASELINE

The Baseline for this component is established at 100% of the prior year quarterly results, and will payout zero at this level of performance.

GOALS

The goal for this component is established at 110% of the comparable prior year quarterly performance. The payout at this level is $2625. Each 1% between the baseline and the goal as illustrated in the chart below represents $263 payout. Each 1% above the goal results an additional $263 to the payout pool. Each 1% below the baseline results in a negative payout of $263, capped at 95% of the prior year quarterly performance.

<table>
<thead>
<tr>
<th>G.M. on Other Revenues</th>
<th>10% of Payout</th>
<th>Quarterly Payout</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of L.Y. Misc. Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>112%</td>
<td></td>
<td>$3,150</td>
</tr>
<tr>
<td>111%</td>
<td></td>
<td>$2,888</td>
</tr>
<tr>
<td>110%</td>
<td></td>
<td>$2,625</td>
</tr>
<tr>
<td>109%</td>
<td></td>
<td>$2,363</td>
</tr>
<tr>
<td>108%</td>
<td></td>
<td>$2,100</td>
</tr>
<tr>
<td>107%</td>
<td></td>
<td>$1,838</td>
</tr>
<tr>
<td>106%</td>
<td></td>
<td>$1,575</td>
</tr>
<tr>
<td>105%</td>
<td></td>
<td>$1,313</td>
</tr>
<tr>
<td>104%</td>
<td></td>
<td>$1,050</td>
</tr>
<tr>
<td>103%</td>
<td></td>
<td>$788</td>
</tr>
<tr>
<td>102%</td>
<td></td>
<td>$525</td>
</tr>
<tr>
<td>101%</td>
<td></td>
<td>$263</td>
</tr>
<tr>
<td>100%</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>99%</td>
<td></td>
<td>($263)</td>
</tr>
<tr>
<td>98%</td>
<td></td>
<td>($525)</td>
</tr>
<tr>
<td>97%</td>
<td></td>
<td>($788)</td>
</tr>
<tr>
<td>96%</td>
<td></td>
<td>($1,050)</td>
</tr>
<tr>
<td>95%</td>
<td></td>
<td>($1,313)</td>
</tr>
</tbody>
</table>

G. M. on Other Revenues
Credit Market Share % 15%

Profit after Allocated Credit Income 25%
PAYMENT DISTRIBUTION

If our Gainsharing Plan were in affect for 1996, the quarterly results would have been:

**1ST QUARTER JANUARY-FEBRUARY-MARCH 1996**

<table>
<thead>
<tr>
<th>Equity Components</th>
<th>Actuals</th>
<th>Equity Payout</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer 60 Second Survey</td>
<td>81</td>
<td>$7,875</td>
</tr>
<tr>
<td>Profit on Allocated Credit Income</td>
<td>90.1%</td>
<td>($2,188)</td>
</tr>
<tr>
<td>Net Sales</td>
<td>108.0%</td>
<td>$4,200</td>
</tr>
<tr>
<td>Credit Market Share %</td>
<td>58.2%</td>
<td>$1,575</td>
</tr>
<tr>
<td>G.M. On Other Revenues</td>
<td>113.7%</td>
<td>$3,413</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$14,875</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payout Pool</th>
<th>Associate Payout</th>
<th>Reserve</th>
<th>Reserve Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$14,875</td>
<td>0*</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

*Note: There would be no payout since 100% of the minimum profit was not attained.*

**2ND QUARTER APRIL-MAY-JUNE 1996**

<table>
<thead>
<tr>
<th>Equity Component</th>
<th>Actuals</th>
<th>Equity Payout</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer 60 Second Survey</td>
<td>81</td>
<td>$7,875</td>
</tr>
<tr>
<td>Profit After Allocated Credit Income</td>
<td>113.6%</td>
<td>$5,688</td>
</tr>
<tr>
<td>Net Sales</td>
<td>99.6%</td>
<td>($525)</td>
</tr>
<tr>
<td>Credit Market Share %</td>
<td>58.5%</td>
<td>$1,969</td>
</tr>
<tr>
<td>G.M. On Other Revenues</td>
<td>99.8%</td>
<td>($263)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$14,744</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payout Pool</th>
<th>Associate Payout</th>
<th>Reserve</th>
<th>Reserve Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$14,744</td>
<td>$11,058</td>
<td>$3,686</td>
<td>$3,686</td>
</tr>
</tbody>
</table>
As illustrated by the previous Quarterly Results $14,875 was earned for the 1st Quarter, and $14,744 for the 2nd Quarter. However, there would have been NO payout for the 1st Quarter as 100% of the 1995 1st Quarter Profit was not attained. In effect, the 1st Quarter is not considered for the plan period. The 2nd Quarter Payout of $14,744 would be reduced by $3,686 or 25%, which would be set aside into the reserve fund.

**PAYMENT DISTRIBUTION ELIGIBILITY**

All eligible associates will share in any positive quarterly payout based on the following formula:

\[(\text{Equity Payout - Reserve Fund}) \div \text{Total all eligible associate hours worked for quarter X each eligible associate's hours worked for quarter.}\]

Only actual hours *worked* for the quarter of all eligible associates will be used in the calculation of the payout. Overtime will be calculated at 1.5 hours for each overtime hour worked. Checklist hours will be comparable to the highest number of hours worked for an eligible associate.

An example of an associate payout for the actual results of the second quarter of 1996 would be as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payout Pool</td>
<td>$14,744</td>
</tr>
<tr>
<td>Associate Payout</td>
<td>$11,058</td>
</tr>
<tr>
<td>Reserve</td>
<td>$3,686</td>
</tr>
<tr>
<td>Total hours worked for quarter</td>
<td>38,739</td>
</tr>
<tr>
<td><strong>ELIGIBLE ASSOCIATES SHARE PER HOUR WORKED</strong></td>
<td>$0.285</td>
</tr>
</tbody>
</table>

**Typical Payouts:**

- 400 Hours worked: $114.00
- 200 Hours worked: $57.00
- 100 Hours worked: $28.50

Funds in the Reserve Fund would accumulate until the end of the trial period.
ASSOCIATE ELIGIBILITY

All associates are eligible to share in the equity payout provided they are placed on payroll one month prior to the start of a business quarter, and remain on payroll at the conclusion of that quarter. Associates leaving payroll prior to the conclusion of a business quarter forfeit any share of the equity payout for said quarter. They are eligible, however, for any payout from the reserve fund at the end of the trial period for any completed quarters of eligibility.

Eligibility dates for the trial period of our gainsharing plan are:

<table>
<thead>
<tr>
<th>Eligibility Quarter</th>
<th>Must be on payroll by:</th>
</tr>
</thead>
<tbody>
<tr>
<td>4th 1996</td>
<td>August 24, 1996</td>
</tr>
<tr>
<td>1st 1997</td>
<td>November 23, 1996</td>
</tr>
<tr>
<td>2nd 1997</td>
<td>February 22, 1997</td>
</tr>
<tr>
<td>3rd 1997</td>
<td>May 24, 1997</td>
</tr>
<tr>
<td>4th 1997</td>
<td>August 23, 1997</td>
</tr>
</tbody>
</table>

RESERVE FUND

The Reserve Fund is established as 25% of any positive quarterly payout, and 100% of any negative quarterly payout. A running balance is made of the Reserve Fund during the plan period. At the conclusion of the plan period, any positive balance remaining in the Reserve Fund would be allocated to associates based on their Pro-Rata share of the eligible hours worked during the plan period.

<table>
<thead>
<tr>
<th>Reserve Fund (example)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarter</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>*1st 1996</td>
</tr>
<tr>
<td>2nd 1996</td>
</tr>
<tr>
<td>3rd 1996</td>
</tr>
<tr>
<td>4th 1996</td>
</tr>
</tbody>
</table>

Note: 1st and 2nd Quarter are actual 1996 results the 3rd and 4th Quarter results are for illustration only.

* 1st Quarter Payout is “0” because 100% of the minimum Profit was not attained.
KEEPING SCORE

Part of the business literacy necessary for our associates is how well we are doing toward our goals, or "What Day Is It?".

Our progress will be updated monthly and quarterly via a chart for each of the 5 components. Each chart will be posted in our associate break room.
Profit after Allocated Credit Income 1996

Percent to Last Year

January
February
March
1st Quarter
April
May
June
2nd Quarter
July
August
September
3rd Quarter
October
November
December
4th Quarter
Credit Market Share % 1996

Percent of Sears Charge Card Sales

January: 59.3%
February: 58.6%
March: 57.1%
1st Quarter: 58.2%
April: 58.4%
May: 60.3%
June: 57.2%
2nd Quarter: 58.5%
July: 57.8%
August: 58%
September: 
3rd Quarter: 
October: 
November: 
December: 
4th Quarter: 
Gross Margin on Other Revenues 1996
CHAPTER 4

PLAN

RENEWAL

IMAGINATION—
"Its limits are only those of the mind itself."
PLAN RENEWAL

As we progress through the trial period, October 1996 to December 1997, "refinements" will be made as a part of our education, participation, and equity processes.

A comprehensive review and audit will be conducted participatively by a representative Renewal Team in the 4th Quarter of 1997. This team will be assembled in the same manner as our original Ad Hoc Committee was formed.

The Purpose of this committee will be to determine the effectiveness of our plan, and to design a plan beyond the trial period. Once a new plan is developed, district, region, and store support approval is required, and then placed before the associates for acceptance.
GLOSSARY OF TERMS

Ad Hoc Committee A body of persons elected to develop a specific plan for a special occasion.

Affirmative Vote A yes vote.

Baseline Equal to last year's performance.

Business Literacy The understanding of how profits and losses are made and how Sears operates and performs.

Checklist Staff Category for salaried management associates.

Command and Control Management style that dictates to associates from the "top down" with no input from below.

Commitment Once affirmative vote is in a promise or pledge to carry out the plan.

Communication The ways and means; verbal and written; by meetings or signs to spread the word on "what day is it?"

Compelling The want or need, the driving force to do it right.

Consensus To agree by mutual approval.

Customer Middle income family with children at home. The household income is between $25,000 and $60,000. Mom is the primary purchasing agent for the family and is between the ages of 25 to 45.

Customer 60 Second Survey A program that provides feedback directly from our customer about their level of satisfaction in a store, the "key" dimensions measured are; 1) Customer Service. 2) Atmosphere of fun & excitement 3) The right merchandise at the right price.

Credit Market Share % The percent of income earned through the use of the Sears Charge card.

Equity Equal, fair and balanced return for all.
<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Formula</td>
<td>The means to distribute a fair and balanced potential associate payout.</td>
</tr>
<tr>
<td>Family Album</td>
<td>A photo book which will register all current associates chronologically.</td>
</tr>
<tr>
<td>15 Month Trial Period</td>
<td>September 29, 1996 to December 27, 1997</td>
</tr>
<tr>
<td>Gainsharing</td>
<td>A process to maintain balance between the associate, customer and the company.</td>
</tr>
<tr>
<td>Goal</td>
<td>A mark set to reach.</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>The difference between the price goods are sold for and what Sears paid for them.</td>
</tr>
<tr>
<td>Gross Margin on Other Revenues</td>
<td>The profit on Miscellaneous Income after expenses. The accounts are listed on page 22.</td>
</tr>
<tr>
<td>HUB</td>
<td>Retail store sales support office area.</td>
</tr>
<tr>
<td>Idea</td>
<td>Any concept, design, plan or purpose of action that will benefit any specific department or the store.</td>
</tr>
<tr>
<td>Identity</td>
<td>To associate with and learn about how Sears performs and be willing to change for improvement.</td>
</tr>
<tr>
<td>Investor</td>
<td>Sears Roebuck and Co.</td>
</tr>
<tr>
<td>Involvement</td>
<td>To embrace and be part of the plan. To take responsibility for actions and decisions.</td>
</tr>
<tr>
<td>Knowledge</td>
<td>Gaining actual experience on how Sears operates and performs, also knowing where you and Sears stand.</td>
</tr>
<tr>
<td>Lakewood Light</td>
<td>Tailor-made training program for Lakewood associates to enhance outrageous customer service.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>--------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Lighthouse</td>
<td>Our symbol of hope for the future. Historically speaking, Pharos an island in Alexandria Harbor, off the shores of Greece, Ptolemy Philadelphus built a tower with a powerful beam of light, for guiding navigators at night, or in darkness we Sears associates are navigators being guided by the beam of a gainsharing plan to our goal.</td>
</tr>
<tr>
<td>Marketplace</td>
<td>A demographic area where retailers compete for sales.</td>
</tr>
<tr>
<td>&quot;My Opinion Counts&quot;</td>
<td>An associate survey which categorizes findings and highlights potential problem areas.</td>
</tr>
<tr>
<td>Net Merchandise Sales</td>
<td>Merchandise sales after returns and allowances have been deducted.</td>
</tr>
<tr>
<td>Outrageous Customer Service</td>
<td>This means going the extra mile to look for ways to completely satisfy customers and to ensure a positive shopping experience.</td>
</tr>
<tr>
<td>Ownership</td>
<td>To accept ownership and accountability within one's area of expertise.</td>
</tr>
<tr>
<td>Participation</td>
<td>Sharing ideas with others and leading by example. By attending meetings and taking the opportunity and responsibility to influence management decisions.</td>
</tr>
<tr>
<td>Participative Management</td>
<td>The ability and willingness of managers to lead rather than to manage, to serve rather than be served. The way to do this is to empower all employees with opportunity to learn the facts of company life.</td>
</tr>
<tr>
<td>Partnership</td>
<td>Management providing access to ownership and the employee accepting the responsibilities of ownership.</td>
</tr>
<tr>
<td>Payout Pool</td>
<td>The money earned by achieving defined goals.</td>
</tr>
<tr>
<td>P.O.P.S</td>
<td>Point of Purchase Survey is used to record customer shopping experience.</td>
</tr>
</tbody>
</table>
Profit After Allocated Credit Income
Profit line on Quarterly Profit and Loss.

Pro-rated
Divided according to shares based on eligibility and the equity formula.

Quarterly Std.30 Profit and Loss Statement
Report utilized for reporting gainsharing components.

Reserve Fund
25% of positive payout pool or 100% of negative pool.

RMDS
Sears database of various reports.

Scanlon Plan
Is an innovative management process for total organization development. It is not a cure all or an incentive system. But, it is beneficial for associates, customers, and investors.

Sears University
A correspondence program of home study courses for Sears associates.

Support Area
Non-selling areas

"the Company"
Sears Roebuck and Co.

3 "C"s of Accountability
Commitment, counting, and consequences

3 "P"s
Passion for the customer, our people add value, and performance leadership.

Total Team
The 120 plus Lakewood Sears associates committed to making the gainsharing plan a success.

Town Hall Meetings
A forum where associates are encouraged to point out barriers they encounter, and suggest potential solutions.

"What Day Is It?"
Our method of communicating our daily progress.
In March of 1996 the leadership team of Lakewood Sears #2584 voted to develop a Gainsharing Program for all of our associates. You voted overwhelmingly to continue this process, and to form an Ad Hoc Committee to design our plan. Since May 13, 1996 Your Ad Hoc Committee has worked diligently and conscientiously to design a plan that was fair and equitable to our associates, our customers, and the company. We feel this plan best serves that purpose. The Ad Hoc Committee has unanimously endorsed and approved this plan. Please examine it carefully and then consider the following:

1. You are voting on a program to implement a gainsharing plan in our unit.
2. A minimum of 90% “Yes” votes is necessary for implementation.
3. This is a secret ballot. Do not sign it.
4. This ballot must be returned no later than 9:00 A.M. September 23, 1996 to the ballot box in the hub.
5. Please ask questions of any committee member before voting.
6. The results of the voting will be announced at the Monday, September 23, 1996 meeting.

☐ Yes, I accept and wish to participate

☐ No, I do not accept this plan
Lets tie it all together

**Participation**
- Take responsibility for your actions and decisions.
- Lead by example.
- Share ideas.

**Equity**
- Accountability
- Understand how Lakewood Sears operates and performs.
- Understand how profits and losses are made.

**Identity**
- Education
- Knowing where you and Sears stand.
- Willing to Learn and Change

**Competence**
- Commitment
- Improving yourself by setting goals.
- Help others to achieve competence.